



1010 Printing Group Limited
匯星印刷集團有限公司

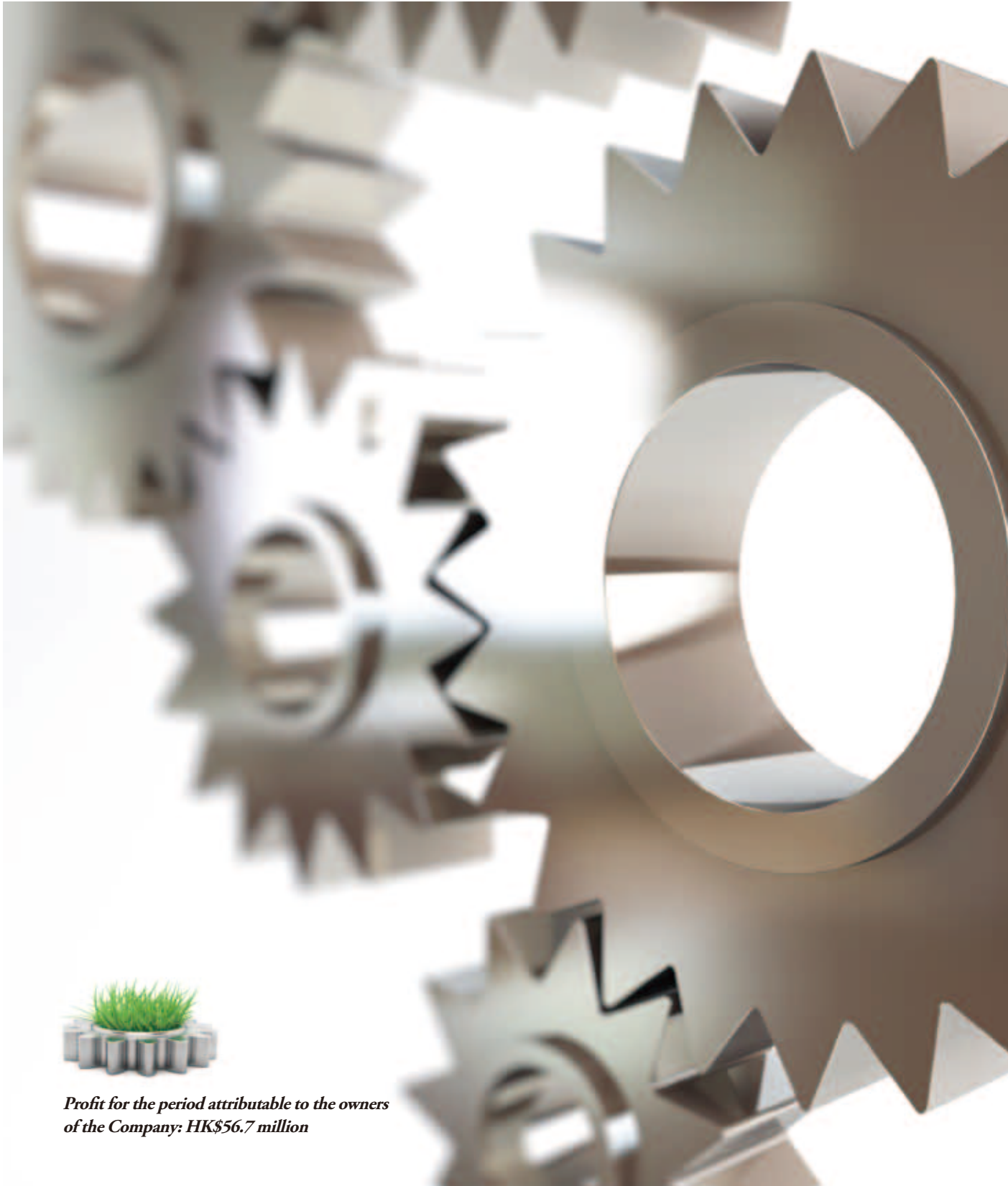
Stock Code: 1127

Interim Report 2014

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*Profit for the period attributable to the owners
of the Company: HK\$56.7 million*

Management Discussion and Analysis

BUSINESS REVIEW

The global book publishing industry showed signs of moderate growth in the last quarter of 2013 and that momentum has continued in the first half of 2014. The Group enjoyed a 3% growth in sales turnover, mainly contributed by the strong performance from Asia Pacific Offset Limited (“APOL”).

We continued to operate under intense pricing pressure from our customers and the Group’s overall gross margin suffered a small drop. During the first half of 2014, labor costs in the Pearl River Delta continued to rise by an annual rate in excess of 10%. Ocean freight costs were also very volatile. The over supply of text book paper, particularly uncoated paper, has been reduced, helped by the growing demand from the domestic China market. This has eased the pressure on the paper mills to drop prices to keep their machines busy. As a result, the price of coated and uncoated art paper has increased by about five per cent. Due to keen market competition, mainly from indigenous Chinese book printers who are new to the export market and adopted aggressive pricing tactics, most of the increase in paper costs had to be absorbed by the printers.

Management believes that the “tipping point” of book manufacturing in China will arrive soon. Our long predicted scenario of established medium to small printers exiting from the market will happen, probably in the next two years. The Group has studied the possibility of setting up manufacturing sites in other Asian countries that are capable of stepping in and filling the vacuum created by the structural changes in book printing in China. We have yet to be convinced that countries like India, Indonesia, Vietnam, Thailand are interested or equipped to become a viable book manufacturing base. With the consolidation of suppliers in the next five years, the pricing pressure on book printers will decrease. Book printers in China will operate in a more favorable business environment which offers a reasonable return on investment. To-date, a number of book printers in Hong Kong have issued notices of profit warning on their 2014 first half results. Against this background, the Group will accelerate its integration of APOL, with particular focus on revenue and procurement management. Management firmly believes that to succeed in the global book printing industry, speed in execution and access to data on the price of paper, ocean freight and production capacity are the critical elements of success.

Despite the adverse trading environment, 1010 managed to minimize the erosion of margin through prudent management of our exposure to foreign exchange risks and controlling finance costs. The Group’s strong cash position has resulted in a further decrease in interest expenses. We also enjoyed significant foreign exchange gains caused by the strength of the Australia dollars, the Euro and the 2% decline in the value of Renminbi, in which most of our operating costs are denominated.

PROSPECTS

Order book for the second half of 2014 is promising and we are on track to a record year for sales revenue in 2014. On 31 July, the Group completed its purchase from the Commonwealth Bank of Australia (“CBA”) a AUD52 million loan owed by the OPUS Group to CBA. 1010 is currently considering the possibility of a capital restructuring plan which will result in the Group taking over a controlling stake and active management of OPUS by the end of October, 2014. The latter is a AUD116 million sales turnover company which is listed on the Australian Stock Exchange and one of the leading printing groups in Australia for novels, security document, academic journals and commercial products. Management is confident that together with the support of local OPUS management, it can turnaround OPUS in 2015 and expect the acquisition, if confirmed to provide a significant contribution towards the Group’s earnings in the future.



FINANCIAL REVIEW

Turnover for the six months ended 30 June 2014 increased by 3% to approximately HK\$559.4 million (2013: HK\$542.2 million) was mainly attributable to the increased orders during the period.

Gross profit for the period increased from approximately HK\$146.5 million to approximately HK\$150.9 million with gross profit ratio maintained at 27%. Profit for the period attributable to owners of the Company increased by 9% to approximately HK\$56.7 million (2013: HK\$52.0 million).

Other income increased by approximately HK\$3.2 million mainly contributed by the exchange gain of HK\$6.7 million, net with decrease in gain on fair value of forward contracts of HK\$4 million.

Selling and distribution costs increased by 3.7% to approximately HK\$77.5 million (2013: HK\$74.7 million) with the selling and distribution costs to sales ratio maintained stably at 13.8%. Administrative expenses decreased slightly by 2.4% to approximately HK\$17.7 million due to the decrease in exchange loss of HK\$4.8 million, net with increase in fair value loss on forward contract of HK\$1.8 million and amortisation of share award expenses during the period.

In conformance with the above, the Group's net margin slightly increased by 5% from 9.6% to 10.1% for the six months period ended 30 June 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2014, the Group had net current assets of approximately HK\$409.0 million (31 December 2013: HK\$379.4 million) of which the cash and bank deposits were approximately HK\$133.9 million (31 December 2013: HK\$145.4 million). The Group's current ratio was approximately 2.3 (31 December 2013: 2.5).

Total bank borrowings and finance lease liabilities were HK\$89.7 million (31 December 2013: HK\$65.1 million). As at 30 June 2014, borrowings of HK\$60.7 million (31 December 2013: HK\$30.3 million) and HK\$29.0 million (31 December 2013: HK\$34.8 million) are denominated in Hong Kong dollars and US dollars respectively. All borrowings are at floating rates and repayable within five years except an amount of HK\$2.4 million (31 December 2013: HK\$3.0 million) being repayable after five years and subject to a repayable on demand clause. The Group's gearing ratio as at 30 June 2014 was 13.1% (31 December 2013: 9.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest.

During the period, the Group had acquired machinery for printing division at approximately HK\$11.4 million. The purchase was financed by internal resources. On 30 June 2014, the net book amount of the leasehold land and building of approximately HK\$5.2 million (31 December 2013: HK\$5.3 million) and investment properties of approximately HK\$10.0 million (31 December 2013: HK\$10.2 million) were pledged to secure general banking facilities granted to the Group.

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

FOREIGN CURRENCY MANAGEMENT

The Group's sales were denominated in a mixture of currencies, primarily US dollars, Australian dollars, Euros and Pound Sterling. In addition, the Group's costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. From time to time the Group enters into foreign currency exchange contracts to hedge its currency risk.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2014, the Group had committed to acquire machinery of approximately HK\$1.3 million. The acquisition will be financed by bank borrowings and the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2014.



As at 30 June 2014, the Group's held-to-maturity investment and cash and bank balance amounted to HK\$195.8 million.

The Board of Directors (the “Board”) of 1010 Printing Group Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Notes	(Unaudited)	
		Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
Turnover	3	559,407	542,201
Direct operating costs		(408,555)	(395,751)
Gross profit		150,852	146,450
Other income		17,960	14,769
Selling and distribution costs		(77,475)	(74,745)
Administrative expenses		(17,680)	(18,111)
Other expenses		(3,121)	(2,934)
Finance costs	4	(1,078)	(1,505)
Profit before income tax	5	69,458	63,924
Income tax expense	6	(12,836)	(11,894)
Profit for the period		56,622	52,030
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		(1,845)	4,562
Other comprehensive income for the period, net of tax		(1,845)	4,562
Total comprehensive income for the period		54,777	56,592
Profit for the period attributable to:			
Owners of the Company		56,695	51,968
Non-controlling interests		(73)	62
		56,622	52,030
Total comprehensive income attributable to:			
Owners of the Company		54,850	56,523
Non-controlling interests		(73)	69
		54,777	56,592
Earnings per share for profit attributable to owners of the Company during the period	7		
– Basic		HK7.36 cents	HK7.56 cents
– Diluted		N/A	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	(Unaudited) At 30 June 2014 HK\$'000	(Audited) At 31 December 2013 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	192,862	196,070
Investment properties	9	10,040	10,192
Intangible assets		65,931	66,117
Deferred tax assets		10,837	10,614
		279,670	282,993
Current assets			
Inventories		114,017	79,802
Trade and other receivables and deposits	10	406,794	399,445
Financial assets at fair value through profit or loss		–	694
Held-to-maturity investments		61,849	–
Pledged cash and bank balances		–	33,365
Cash and cash equivalents		133,932	112,035
		716,592	625,341
Current liabilities			
Trade and other payables	11	207,503	177,692
Financial liabilities at fair value through profit or loss		1,818	–
Bank borrowings	12	89,747	64,612
Finance lease liabilities	13	–	526
Provision for taxation		8,499	3,064
		307,567	245,894
Net current assets		409,025	379,447
Total assets less current liabilities		688,695	662,440
Non-current liabilities			
Deferred tax liabilities		979	967
		979	967
Net assets		687,716	661,473
EQUITY			
Share capital	14	7,700	7,700
Reserves		679,614	653,298
Equity attributable to owners of the Company		687,314	660,998
Non-controlling interests		402	475
Total equity		687,716	661,473

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	(Unaudited)	
	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Net cash generated from operating activities	71,073	57,353
Investing activities		
Interest received	119	40
Decrease (increase) in pledged cash and bank balances	33,365	(9,530)
Purchases of property, plant and equipment	(13,867)	(20,382)
Proceeds from disposals of property, plant and equipment	205	314
Acquisition of additional interest in subsidiaries	–	(475)
Payment on acquisition of subsidiaries	–	(28,000)
Increase in held-to-maturity investments	(61,849)	–
Net cash used in investing activities	(42,027)	(58,033)
Financing activities		
Decrease in loan from intermediate holding company	–	(33,500)
Proceeds from rights issue	–	100,000
Share issue expenses	–	(1,205)
Bank borrowings raised	40,000	–
Repayment of bank borrowings	(14,745)	(33,498)
Interest on bank borrowings paid	(1,077)	(1,175)
Capital element of finance lease liabilities paid	(526)	(3,092)
Interest element of finance lease payments	(1)	(75)
Interest paid to intermediate holding company	–	(255)
Dividends paid	(30,800)	–
Net cash (used in) generated from financing activities	(7,149)	27,200
Net increase in cash and cash equivalents	21,897	26,520
Cash and cash equivalents at the beginning of the period	112,035	96,193
Cash and cash equivalents at the end of the period	133,932	122,713
Analysis of balances of cash and cash equivalents		
Bank balances and cash	133,932	122,713

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2014

	Attributable to owners of the Company										Non- controlling interests	Total Equity
	Share capital	Share premium	Exchange reserve	Merger reserve	Contributed surplus	Other reserve	Employee compensation reserve	Proposed final dividend	Retained earnings	Total		
Balance at 1 January 2014 (Audited)	7,700	173,078	3,231	(136,875)	310,125	(201)	976	30,800	272,164	660,998	475	661,473
2013 final dividend paid	-	-	-	-	-	-	-	(30,800)	-	(30,800)	-	(30,800)
Recognition of equity-settled share based payment expense	-	-	-	-	-	-	3,838	-	-	3,838	-	3,838
Repurchase of vested shares and settlement of the award shares	-	-	-	-	-	-	(1,572)	-	-	(1,572)	-	(1,572)
Transactions with owners	-	-	-	-	-	-	2,266	(30,800)	-	(28,534)	-	(28,534)
Profit for the period	-	-	-	-	-	-	-	-	56,695	56,695	(73)	56,622
Other comprehensive income												
Currency translation	-	-	(1,845)	-	-	-	-	-	-	(1,845)	-	(1,845)
Total comprehensive income for the period	-	-	(1,845)	-	-	-	-	-	56,695	54,850	(73)	54,777
Balance at 30 June 2014 (Unaudited)	7,700	173,078	1,386	(136,875)	310,125	(201)	3,242	-	328,859	687,314	402	687,716

	Attributable to owners of the Company								Non-controlling interests	Total Equity
	Share capital	Share premium	Exchange reserve	Merger reserve	Contributed surplus	Other reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 January 2013 (Audited)	5,000	76,983	(970)	(136,875)	310,125	-	196,898	451,161	796	451,957
Rights issue of shares (note 14)	2,000	98,000	-	-	-	-	-	100,000	-	100,000
Bonus issue of shares (note 14)	700	(700)	-	-	-	-	-	-	-	-
Share issue expenses	-	(1,205)	-	-	-	-	-	(1,205)	-	(1,205)
Acquisition of additional interest in subsidiaries (Note)	-	-	-	-	-	(38)	-	(38)	(437)	(475)
Transactions with owners	2,700	96,095	-	-	-	(38)	-	98,757	(437)	98,320
Profit for the period	-	-	-	-	-	-	51,968	51,968	62	52,030
Other comprehensive income										
Currency translation	-	-	4,555	-	-	-	-	4,555	7	4,562
Total comprehensive income for the period	-	-	4,555	-	-	-	51,968	56,523	69	56,592
Balance at 30 June 2013 (Unaudited)	7,700	173,078	3,585	(136,875)	310,125	(38)	248,866	606,441	428	606,869

Note: On 22 January 2013 and 25 January 2013, the Group acquired a further 20% of equity interests in two subsidiaries, Oceanic Graphic International Inc. and O.G. Printing Productions Limited, which are engaged in printing and production of graphic design services, increasing its equity interests from 80% to 100%, by acquiring the interests at a cash consideration of HK\$155,000 and HK\$320,000 respectively. The difference of HK\$38,000 between the proportionate share of the carrying amount of their net assets and the consideration paid for the additional interests have been debited to other reserve.

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 9 March 2011 under the Bermuda Companies Act as an exempted limited liability company. The Company and its subsidiaries (the “Group”) are principally engaged in the provision of printing services. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 25 July 2011.

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2013 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations as disclosed below in this note.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The adoption of the other new HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting period.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group’s results of operations and financial position.

3. SEGMENT INFORMATION

The executive directors have identified that the Group has only one reportable segment, which is the provision of printing services. The analysis of the Group's revenue by geographical location is as follows:

Revenue – based on the country in which the customer is located, are analysed as follows:

	30.6.2014 (Unaudited)	30.6.2013 (Unaudited)
	HK\$'000	HK\$'000
United States	216,707	223,000
Spain	82,136	68,129
Australia	79,889	65,894
United Kingdom	98,066	77,052
Mexico	32,646	32,645
Germany	12,277	17,569
Brazil	6,932	4,118
Hong Kong (domicile)	6,579	15,589
New Zealand	6,105	13,923
Others	18,070	24,282
	559,407	542,201

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the condensed consolidated interim financial statements as follows:

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Reportable segment profit	70,536	65,429
Finance costs	(1,078)	(1,505)
Profit before income tax	69,458	63,924

4. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	1,077	1,175
Interest expenses payable to intermediate holding company	–	255
Finance lease charges	1	75
	1,078	1,505

5. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	186	185
Depreciation	15,734	15,397
Employee benefit expenses	70,626	62,399
Minimum lease payments paid under operating leases or leases in respect of rented premises and production facilities	5,125	4,958
Loss on disposals of property, plant and equipment	135	208
Loss (Gain) on financial assets at fair value through profit or loss	1,807	(3,983)
Net foreign exchange (gain) loss	(6,744)	4,843
Interest income	(119)	(40)

6. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	12,489	10,697
Overseas tax		
– Current year	647	1,704
– Under provision in prior years	–	60
Deferred taxation – current year	(300)	(567)
	12,836	11,894

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share for the period	56,695	51,968
	Number of shares ('000)	
	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	770,000	687,395

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Furniture and fixtures	Office equipment	Leasehold improve- ments	Computer equipment and systems	Motor vehicles	Machinery	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014								
Cost	5,790	4,550	4,962	48,991	10,505	2,476	278,258	355,532
Accumulated depreciation	(446)	(3,603)	(3,382)	(29,221)	(9,583)	(608)	(112,619)	(159,462)
Net book amount	5,344	947	1,580	19,770	922	1,868	165,639	196,070
Period ended 30 June 2014								
Opening net book amount	5,344	947	1,580	19,770	922	1,868	165,639	196,070
Exchange differences	-	-	(8)	(33)	(2)	(5)	(1,105)	(1,153)
Additions	-	24	534	634	1,047	182	11,446	13,867
Disposals	-	-	-	-	-	-	(340)	(340)
Depreciation	(172)	(234)	(334)	(2,368)	(418)	(247)	(11,809)	(15,582)
Closing net book amount	5,172	737	1,772	18,003	1,549	1,798	163,831	192,862
At 30 June 2014								
Cost	5,790	4,544	5,485	49,588	11,370	2,649	287,652	367,078
Accumulated depreciation	(618)	(3,807)	(3,713)	(31,585)	(9,821)	(851)	(123,821)	(174,216)
Net book amount	5,172	737	1,772	18,003	1,549	1,798	163,831	192,862

As at 30 June 2014, the Group's leasehold land and buildings with net book amount of HK\$5,172,000 (31 December 2013: HK\$5,344,000) were pledged to secure general banking facilities granted to the Group.

9. INVESTMENT PROPERTIES

	HK\$'000
At 1 January 2014	10,192
Depreciation	(152)
Closing net book amount	10,040
At 30 June 2014	
Cost	10,370
Accumulated depreciation	(330)
Net book amount	10,040

All investment properties as at 30 June 2014 were pledged to secure general banking facilities granted to the Group.

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group allows a credit period from 45 to 150 days to its trade customers. Ageing analysis of trade receivables as at 30 June 2014, based on sales invoice date and net of provisions, is as follows:

	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	88,968	84,793
31 – 60 days	93,837	68,167
61 – 90 days	127,427	65,442
91 – 120 days	53,433	92,354
121 – 150 days	18,189	42,438
Over 150 days	7,355	32,637
Total trade receivables	389,209	385,831
Other receivables and deposits	17,585	13,614
	406,794	399,445

11. TRADE AND OTHER PAYABLES

As at 30 June 2014, the ageing analysis of trade payables based on invoice date is as follows:

	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	57,484	43,508
31 – 60 days	16,266	17,309
61 – 90 days	20,634	10,187
91 – 120 days	7,127	1,127
Over 120 days	1,032	2,049
Total trade payables	102,543	74,180
Other payables and accruals	104,960	103,512
	207,503	177,692

12. BANK BORROWINGS

During the six months ended 30 June 2014, bank borrowings of HK\$40,000,000 (30 June 2013: Nil) were raised and repayments of bank loans amounting to HK\$14,745,000 (30 June 2013: HK\$33,498,000) were made in line with the relevant repayment terms.

All bank borrowings as at 30 June 2014 are secured by the corporate guarantees from the Company and bank borrowings of HK\$8,254,000 (31 December 2013: HK\$8,836,000) are further secured by personal guarantee from the director and non-controlling shareholder of a subsidiary and the Group's leasehold land and buildings of HK\$5,172,000 (31 December 2013: HK\$5,344,000) and investment properties of HK\$10,040,000 (31 December 2013: HK\$10,192,000).

13. FINANCE LEASE LIABILITIES

All the finance lease liabilities were fully settled during the period.

14. SHARE CAPITAL

	No. of shares	Amount
	('000)	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	1,000,000	10,000
Issued and fully paid:		
At 1 January 2014 and 30 June 2014	770,000	7,700

15. CAPITAL COMMITMENTS

As at 30 June 2014, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$1,277,000 (31 December 2013: HK\$950,000).

16. DIVIDENDS

(a) Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2013, approved and paid during the interim period of HK\$0.04 per share	30,800	-

(b) Dividends attributable to the interim period

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividends declared – HK\$0.025 (2013: HK\$0.020) per share (note)	19,250	15,400

Note:

The amount of the interim dividend declared for the six months ended 30 June 2014, which will be payable in cash, has been calculated by reference to the 770,000,000 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

17. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties for the six months ended 30 June 2014 are disclosed as follows:

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Rental expenses paid to a related company	80	–
Interest expenses paid to intermediate holding company	–	255

In the opinion of the directors, the related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms. The above related party transactions also constitute exempted connected transactions as defined in Chapter 14A of the Listing Rule.

(b) Compensation of key management personnel

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	2,840	1,963
Post-employment benefit	8	8
	2,848	1,971

18. CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities (31 December 2013: Nil).

19. FAIR VALUE MEASUREMENT

(i) Recurring fair value measurements

	Level 2	
	At 30 June 2014 (Unaudited)	At 31 December 2013 (Audited)
	HK\$'000	HK\$'000
Assets		
Derivative financial instruments:		
– Forward foreign exchange contracts	–	694
Liabilities		
Derivative financial instruments:		
– Forward foreign exchange contracts	1,818	–

(ii) Fair values of financial instruments carried at other than fair value

Trade and other receivables, held-to-maturity investments, trade and other payables, bank borrowings and finance lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2014 and 31 December 2013.

(iii) Measurement of fair values

The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the reporting date.

20. POST BALANCE SHEET EVENT

On 30 July 2014, Bookbuilders BVI Limited (“Bookbuilders”), a wholly owned subsidiary of the Company, entered into a deed of novation with a bank pursuant to which Bookbuilders acquired a debt owned by Opus Group Limited (“Opus”), a company whose shares are listed on the Australia Securities Exchange to the bank of approximately AUS\$52.62 million at AUS\$20.88 million. The debt purchase was completed on 31 July 2014.

Other Disclosures

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

(i) Long Position in the shares of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	35,371,906	Nil	267,111,627	302,483,533	39.28
Mr. Li Hoi David	6,160,000	Nil	Nil	6,160,000	0.80
Mr. Lam Wing Yip	644,048	Nil	Nil	644,048	0.08

(ii) Unvested award shares during the period

Name of Directors	At 1.1.2014 (Shares)	Granted during the period (Shares)	Vested during the period (Shares)	Cancelled/lapsed during the period (Shares)	At 30.6.2014 (Shares)
Mr. Yang Sze Chen, Peter	556,000	-	-	-	556,000
Mr. Lam Wing Yip	416,000	-	-	-	416,000

Note 1: Of 267,111,627 shares, 678,910 shares, 258,135,326 shares and 8,297,391 shares are beneficially owned by Cinderella Media Group Limited ("Cinderella Media"), City Apex Limited and ER2 Holdings Limited ("ER2 Holdings") respectively. As at 30 June 2014, Cinderella Media was owned as to 53.34% by City Apex Ltd and as to 1.70% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited of which Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Saved as disclosed above, as at 30 June 2014, to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest			Percentage to the issued share capital of the Company (%)
	Beneficial Owner (Shares)	Interest in controlled corporation (Shares)	Total Interests (Shares)	
Mr. Lau Chuk Kin (Note 1)	35,371,906	267,111,627	302,483,533	39.28
ER2 Holdings Limited (Note 1)	8,297,391	258,814,236	267,111,627	34.69
City Apex Limited (Note 1)	258,135,326	678,910	258,814,236	33.61
JobStreet Corporation Berhad	54,112,030	Nil	54,112,030	7.03
Mr. Chen Huang Zhi	52,299,804	Nil	52,299,804	6.79
Mr. Webb David Michael (Note 2)	11,144,168	27,536,808	38,680,976	5.02

Note 1: Of 267,111,627 shares, 678,910 shares, 258,135,326 shares and 8,297,391 shares are beneficially owned by Cinderella Media, City Apex Limited and ER2 Holdings respectively. As at 30 June 2014, Cinderella Media was owned as to 53.34% by City Apex Ltd and as to 1.70% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited of which Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Note 2: Of 38,680,976 shares, 27,536,808 shares are beneficially owned by Preferrable Situation Assets Limited. As at 30 June 2014, Preferrable Situation Assets Limited is 100% directly owned by Mr. Webb David Michael and therefore Mr. Webb is deemed to be interested in the said shares held by Preferrable Situation Assets Limited.

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE AWARD SCHEME

On 30 December 2013, the Company adopted a share award scheme to recognise and motivate the contribution of participants and to incentivise them to further the operation and development and to attract suitable personnel for the Company.

During the six months period ended 30 June 2014, no new share award was granted to employees and no shares were purchased. Equity-settled share-based payment expenses of HK\$3,838,000 have been recognised in profit or loss for the period.

The following table discloses movements in the unvested award shares held by the directors of the Company and the Group's employees during the period:

	Number of unvested award shares			At 30.6.2014
	At 1.1.2014	Repurchase of vested shares and settlement of the award shares (note)	Cancelled/lapsed during the period	
Directors	972,000	–	–	972,000
Employees	9,388,000	(1,607,500)	–	7,780,500
Total	10,360,000	(1,607,500)	–	8,752,500

Details of the unvested award shares granted to Directors and the Group's employees are as follows:

Date of grant	No. of shares awarded	Vesting date	Vesting period	Average fair value per share (HK\$)
30.12.2013	3,602,500	31.12.2014	13 months	0.97
30.12.2013	1,000,000	28.1.2015	14 months	0.97
30.12.2013	4,000,000	28.12.2015	25 months	0.97
30.12.2013	150,000	31.12.2015	25 months	0.97

Note: During the six months period ended 30 June 2014, certain vested shares have been repurchased by the Company and certain award shares have been settled during the vesting period.

SHARE OPTION SCHEME

The Company's former intermediate holding company, Cinderella Media Group Limited ("CMGL") has adopted a share option scheme approved by a resolution passed by its shareholders on 13 July 2007, under which it may grant options to directors, employees, any advisors and service providers of any member of the Group to subscribe for its shares. CMGL ceased to be the intermediate holding company of the Company on 2 May 2014 following a distribution in specie exercise.

The following table discloses movements in the share options held by the directors of the Company and the Group's employees during the period up to 2 May 2014:

	Number of share options			Outstanding at 2.5.2014
	Outstanding at 1.1.2014	Exercised during the period	Cancelled/lapsed during the period	
Directors	450,000	(450,000)	-	-
Employees	376,000	(376,000)	-	-
Total	826,000	(826,000)	-	-

Details of the above share options granted to Directors and the Group's employees are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share (HK\$)
11.6.2010	675,000	11.6.2010 to 10.6.2011	11.6.2011 to 10.6.2015	1.60
11.6.2010	675,000	11.6.2010 to 10.6.2012	11.6.2012 to 10.6.2015	1.60
23.6.2010	2,100,000	23.6.2010 to 22.6.2011	23.6.2011 to 22.6.2015	1.636
23.6.2010	2,100,000	23.6.2010 to 22.6.2012	23.6.2012 to 22.6.2015	1.636

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2014.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2014, the Group had around 1,065 full-time employees (30 June 2013: 1,049). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employee benefits include share award, provident fund, insurance and medical cover.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.025 per ordinary share for the six months ended 30 June 2014 (2013: HK\$0.02) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 3 September 2014. The register of shareholders will be closed from 1 September 2014 to 3 September 2014, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 29 August 2014. The relevant dividend warrants will be despatched to shareholders on or around 11 September 2014.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Dr. Ng Lai Man, Carmen, Mr. Yeung Ka Sing and Mr. Tsui King Chung, David, with terms of reference in compliance with the Listing Rules. The audit committee review the Group's financial reporting, internal controls and make relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2014 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board

Yeung Ka Sing

Chairman

Hong Kong, 13 August 2014

Corporate Information

Board of Directors

Executive Directors

Mr. Yang Sze Chen, Peter
Mr. Lau Chuk Kin
Mr. Li Hoi, David
Mr. Lam Wing Yip

Independent Non-Executive Directors

Mr. Yeung Ka Sing (Chairman)
Prof. Lee Hau Leung
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Company Secretary

Ms. Tan Lai Ming FCPA, FCCA

Compliance Officer

Mr. Lau Chuk Kin

Authorised Representatives

Mr. Lau Chuk Kin
Ms. Tan Lai Ming

Bermuda Resident Representative

Codan Services Limited

Audit Committee

Dr. Ng Lai Man, Carmen (Chairman)
Mr. Yeung Ka Sing
Mr. Tsui King Chung, David

Nomination Committee

Mr. Yeung Ka Sing (Chairman)
Mr. Lau Chuk Kin
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Remuneration Committee

Mr. Yeung Ka Sing (Chairman)
Mr. Lau Chuk Kin
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Auditor

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Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Legal Adviser

Cheung Tong & Rosa Solicitors
Room 501, 5/F, Sun Hung Kai Centre
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Hong Kong

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39/F-40/F, 43/F – 50/F
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3 Garden Road, Central
Hong Kong

Share Registrars and Transfer Offices

Principal Registrar

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Bermuda

Hong Kong Branch Registrar

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